

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:

PURDUE PHARMA L.P., *et al.*,

Debtors.¹

Chapter 11

Case No. 19-23649 (RDD)

(Jointly Administered)

**COVER SHEET TO THE THIRD INTERIM APPLICATION OF CORNERSTONE
RESEARCH FOR COMPENSATION FOR SERVICES RENDERED AND
REIMBURSEMENT OF EXPENSES INCURRED AS CONSULTANT TO THE DEBTORS
FOR THE PERIOD FROM OCTOBER 1, 2020 THROUGH JANUARY 31, 2021**

In accordance with Rule 2016-1 of the Local Rules of Bankruptcy Procedure, incorporating the *Amended Guidelines for Fees and Disbursements for Professionals in the Southern District of New York Bankruptcy Cases* [General Order M-447], among other guidelines (the “**Local Guidelines**”) and the *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Retained Professionals* [ECF No. 529] (the “**Interim Compensation Order**”), Cornerstone Research, consultant for Purdue Pharma L.P. and its debtor affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “**Debtors**”), submits this summary (this “**Summary**”) of fees and expenses sought as actual and necessary in the fee application to which this Summary is attached (the “**Application**”) for the period of October 1, 2020 through January 31, 2021 (the “**Fee Period**”).

¹ The Debtors in these cases, along with the last four digits of each Debtor’s registration number in the applicable jurisdiction, are as follows: Purdue Pharma L.P. (7484), Purdue Pharma Inc. (7486), Purdue Transdermal Technologies L.P. (1868), Purdue Pharma Manufacturing L.P. (3821), Purdue Pharmaceuticals L.P. (0034), Imbrium Therapeutics L.P. (8810), Adlon Therapeutics L.P. (6745), Greenfield BioVentures L.P. (6150), Seven Seas Hill Corp. (4591), Ophir Green Corp. (4594), Purdue Pharma of Puerto Rico (3925), Avrio Health L.P. (4140), Purdue Pharmaceutical Products L.P. (3902), Purdue Neuroscience Company (4712), Nayatt Cove Lifescience Inc. (7805), Button Land L.P. (7502), Rhodes Associates L.P. (N/A), Paul Land Inc. (7425), Quidnick Land L.P. (7584), Rhodes Pharmaceuticals L.P. (6166), Rhodes Technologies (7143), UDF LP (0495), SVC Pharma LP (5717) and SVC Pharma Inc. (4014). The Debtors’ corporate headquarters is located at One Stamford Forum, 201 Tresser Boulevard, Stamford, CT 06901.

General Information

Name of Applicant:	Cornerstone Research Consultant to the Debtors
Authorized to Provide Services to:	Purdue Pharma L.P., <i>et al.</i>
Date of Order Approving Retention:	June 11, 2020

Summary of Fees and Expenses Requested for the Compensation Period

Time Period Covered by This Application:	October 1, 2020 through January 31, 2021
Total Compensation Requested:	\$1,667,978.00
Total Expenses Requested:	\$197.80
Total Compensation and Expenses Requested:	\$1,668,175.80

Summary of Past Requests for Compensation and Prior Payments

Compensation Sought in this Application Already Paid Pursuant to a Compensation Order but Not yet Allowed:	\$1,334,382.40
Expenses Sought in this Application Already Paid Pursuant to a Compensation Order but Not yet Allowed:	\$197.80
Total Compensation and Expenses Sought in this Application Already Paid Pursuant to a Compensation Order but Not yet Allowed:	\$1,334,580.20

Summary of Rates and Other Related Information for the Compensation Period

Blended Rate in This Application for All Professionals:	\$470.09
Blended Rate in This Application for All Professionals and Paraprofessionals:	\$470.08
Number of Professionals Included in This Application:	20
Difference Between Fees Budgeted and Compensation Sought for This Period:	NA

**Number of Professionals Billing Fewer 1
Than 15 Hours During This Period:**

Increase in Rates Since Date of Retention: The compensation period includes a customary annual rate increase for all timekeepers. The increase took effect on January 1, 2021, as disclosed on the Court docket at ECF No. 2138.

This is a(n): monthly interim final application

Summary of Prior Monthly Fee Statements of Cornerstone Research

Period Covered and ECF No.	Total Fees Requested	Total Expenses Requested	Total Fees and Expenses Requested	Fees Paid	Expenses Paid	Total Balance Remaining to be Paid
10/1/2020-10/31/2020 ECF No. 2042	\$426,967.00	\$111.50	\$427,078.50	\$341,573.60	\$111.50	\$85,393.40
11/1/2020-11/30/2020 ECF No. 2213	\$872,772.00	\$46.35	\$872,818.35	\$698,217.60	\$46.35	\$174,554.40
12/1/2020-12/31/2020 ECF No. 2346	\$325,019.50	\$39.95	\$325,059.45	\$260,015.60	\$39.95	\$65,003.90
1/1/2021 - 1/31/2021 ECF No. 2400	\$43,219.50	\$0.00	\$43,219.50	\$34,575.60	\$0.00	\$8,643.90
Total						\$333,595.60

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:

PURDUE PHARMA L.P., *et al.*,

Debtors.¹

Chapter 11

Case No. 19-23649 (RDD)

(Jointly Administered)

**THIRD INTERIM APPLICATION OF CORNERSTONE RESEARCH FOR
COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF
EXPENSES INCURRED AS CONSULTANT TO THE DEBTORS FOR THE
PERIOD FROM OCTOBER 1, 2020 THROUGH JANUARY 31, 2021**

Pursuant to sections 327, 330, and 331 of chapter 11 of the United States Code (the “**Bankruptcy Code**”), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), Rule 2016-1 of the Local Rules of Bankruptcy Procedure, incorporating the *Amended Guidelines for Fees and Disbursements for Professionals in the Southern District of New York Bankruptcy Cases* [General Order M-447], among other guidelines (the “**Local Guidelines**”), The United States Trustee’s Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330 for Attorneys in Larger Chapter 11 Cases effective as of November 1, 2013 (the “**U.S. Trustee Guidelines**,” and together with the Local Guidelines, the “**Fee Guidelines**”), and the *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Retained Professionals* [ECF No. 529] (the “**Interim Compensation Order**”), Cornerstone Research, consultant for Purdue Pharma

¹ The Debtors in these cases, along with the last four digits of each Debtor’s registration number in the applicable jurisdiction, are as follows: Purdue Pharma L.P. (7484), Purdue Pharma Inc. (7486), Purdue Transdermal Technologies L.P. (1868), Purdue Pharma Manufacturing L.P. (3821), Purdue Pharmaceuticals L.P. (0034), Imbrum Therapeutics L.P. (8810), Adlon Therapeutics L.P. (6745), Greenfield BioVentures L.P. (6150), Seven Seas Hill Corp. (4591), Ophir Green Corp. (4594), Purdue Pharma of Puerto Rico (3925), Avrio Health L.P. (4140), Purdue Pharmaceutical Products L.P. (3902), Purdue Neuroscience Company (4712), Nayatt Cove Lifescience Inc. (7805), Button Land L.P. (7502), Rhodes Associates L.P. (N/A), Paul Land Inc. (7425), Quidnick Land L.P. (7584), Rhodes Pharmaceuticals L.P. (6166), Rhodes Technologies (7143), UDF LP (0495), SVC Pharma LP (5717) and SVC Pharma Inc. (4014). The Debtors’ corporate headquarters is located at One Stamford Forum, 201 Tresser Boulevard, Stamford, CT 06901.

L.P. and its debtor affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “**Debtors**”), submits this *Third Interim Application for Compensation for Services Rendered and Reimbursement of Expenses Incurred for the Period from October 1, 2020 Through January 31, 2021* (this “**Application**”). By this Application, Cornerstone Research seeks allowance of compensation for actual and necessary professional services rendered for the Debtors in the total amount of \$1,667,978.00, and for reimbursement of actual, necessary disbursements that Cornerstone Research incurred in connection with such services in the total amount of \$197.80, for an aggregate total of \$1,668,175.80 during the period of October 1, 2020 through January 31, 2021 (the “**Fee Period**”).

Jurisdiction

1. The United States Bankruptcy Court for the Southern District of New York (the “**Court**”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).
2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

Background

3. On September 15, 2019 (the “**Petition Date**”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On September 18, 2019, the Court entered an order [ECF No. 59] authorizing the joint administration and procedural consolidation of the Debtors’ chapter 11 cases pursuant to Bankruptcy Rule 1015(b). No entity has requested the appointment of a trustee or examiner in these chapter 11 cases. On September 27, 2019, the United States Trustee for the Southern District of New York (the “**U.S. Trustee**”) appointed an official committee of unsecured creditors (the “**UCC**”) pursuant to section 1102 of the Bankruptcy Code [ECF No. 131].

4. A description of the Debtors' businesses, the reasons for commencing the chapter 11 cases, and the relief sought from the Court to facilitate effective administration of these chapter 11 cases are set forth in the *Debtors' Informational Brief* [ECF No. 17].

5. On November 21, 2019, the Court entered the Interim Compensation Order, which sets forth the procedures for interim compensation and reimbursement of expenses for all professionals in these cases.

The Debtors' Retention of Cornerstone Research

6. On June 11, 2020, the Court entered the *Order Authorizing the Retention and Employment of Cornerstone Research as Consultants for the Debtors Nunc Pro Tunc to January 14, 2020* [ECF No. 1255] (the “**Retention Order**”), authorizing Cornerstone Research’s retention by the Debtors. The Retention Order attached hereto as **Exhibit B** and incorporated by reference allows the Debtors to compensate and reimburse Cornerstone Research in accordance with the Bankruptcy Code, the Bankruptcy Rules, the Local Guidelines, and the Interim Compensation Order.

7. The Retention Order also authorizes the Debtors to compensate Cornerstone Research at its hourly rates charged for services of this type and for the firm’s actual, necessary expenses incurred in connection such services rendered during the Fee Period. Among other things, it permits Cornerstone Research to render consulting services (collectively, the “**Cornerstone Services**”) to the Debtors, including: quantitative analysis regarding the valuation of claims brought against the Debtors by claimants including, but not limited to, treatment providers, insurers and other third party payors, ratepayers, personal injury claimants, neonatal abstinence syndrome (“NAS”) claimants, governmental claimants, and Native American tribes and other matters as may be determined by Davis Polk and Cornerstone Research, and, if applicable, any expert being supported by Cornerstone Research.

Compensation Paid and Its Sources

8. All services during the Fee Period for which compensation is requested by Cornerstone Research were performed for or on behalf of the Debtors. Additionally, Cornerstone Research has not received any payment or promises of payment from any source for services rendered or to be rendered in any capacity whatsoever in connection with matters covered by this Fee Application. A certification confirming Cornerstone Research's compliance with the Fee Guidelines is annexed hereto as **Exhibit A**.

9. To the extent that billable time or disbursement charges for services rendered or expenses incurred relate to the Fee Period, but were not processed prior to the preparation of this Fee Application, Cornerstone Research reserves the right to request compensation for such services and reimbursement of such expenses in a future fee application.

10. These professional services were rendered by Cornerstone Research staff.

Summary of Professional Compensation and Reimbursement of Expenses Requested

11. During the Fee Period, Cornerstone Research's professionals and paraprofessionals expended a total 3,548.30 hours in connection with providing necessary services. Cornerstone Research has been able to efficiently provide services by utilizing the expertise of professionals to effectively advise the Debtors regarding discrete issues and ensuring that the level of seniority is commensurate with the assignment. Cornerstone Research, in connection with services rendered on behalf of the Debtors, respectfully requests allowance of reasonable compensation of such services rendered in the total amount of \$1,667,978.00 and reimbursement of actual and necessary expenses incurred in the amount of \$197.80, for an aggregate total of \$1,668,175.80 for the Fee Period. Annexed hereto as **Exhibit C** is a list of Cornerstone Research professionals and paraprofessionals, their position with the firm, the hourly rate charged for their services, the number of hours worked on this matter, and other pertinent information. **Exhibit D** annexed hereto is a list of the various categories and the total fees and total hours expended by subject matter category. Cornerstone Research maintains computerized, detailed time records of services

rendered by its consultants. The detailed records for this Fee Period were appended to Cornerstone Research's Monthly Fee Statements. Cornerstone Research is engaged in ongoing discussions with the Debtors regarding budgeting and staffing issues. Annexed hereto as **Exhibit E** is Cornerstone Research's staffing plan in connection with services rendered to the Debtors.

Summary of Services Rendered

12. During the Fee Period, Cornerstone Research provided extensive and critical professional advice and other services, involving complex, novel issues involved in resolving the disparate interests of the diverse stakeholder groups in these chapter 11 cases. Summaries of significant services described above are detailed below:

Claims Valuation

Fees: \$1,630,217.00 Total Hours: 3,493.90

- Under this project category, Cornerstone Research assisted the Debtors with analysis of the claims brought by the various claimant groups. Specifically, Cornerstone Research:
 - Conducted economic research and performed initial valuation of the claims brought by personal injury claimants, public entity claimants, and commercial claimants.
 - Reviewed and analyzed the data sources, methodology, and resulting claims estimates submitted by different claimant groups.
 - Consulted with and responded to inquiries from counsel regarding the foregoing.

Preparation of Fee Statements/Interim Application

Fees: \$37,761.00 Total Hours: 54.40

- Under this project category, Cornerstone Research assisted the Debtors with issues related to Cornerstone Research's retention, including the preparation and review of Cornerstone Research's monthly fee and interim applications. Specifically, Cornerstone Research:
 - Drafted and prepared a consolidated monthly fee application and interim application for the months of June through September 2020, as well as monthly fee

statements for the months of September, October, November, and December 2020.

- Internally coordinated and reviewed time entries of all timekeepers for privilege and confidentiality.

Actual and Necessary Expenses

13. As set forth in **Exhibit F** hereto, Cornerstone Research has incurred or disbursed \$197.80 in expenses in providing professional services to the Debtors during the Compensation Period. These expenses amounts are intended to cover Cornerstone Research's direct expenses which are not incorporated into the hourly billing rates. Only clients for whom the services are actually used are separately charged for such services.

14. Cornerstone Research has made every effort to minimize its expenses in the Chapter 11 Cases. The actual expenses incurred in providing professional services to the Debtors were necessary, reasonable, and justified under the circumstances to serve the needs of the Debtors.

Cornerstone Research's Requested Compensation Should Be Allowed

15. Section 331 of the Bankruptcy Code provides for interim compensation of professionals and incorporates the substantive standards of section 330 of the Bankruptcy Code to govern the Court's award of such compensation. Section 330 of the Bankruptcy Code provides that a court may award a professional employed under section 327 of the Bankruptcy Code "reasonable compensation for actual necessary services rendered ... and reimbursement for actual, necessary expenses." 11 U.S.C. § 330(a) (1). Section 330 also sets forth the criteria for the award of such compensation and reimbursement:

In determining the amount of reasonable compensation to be awarded, the court should consider the nature, extent, and the value of such services, taking into account all relevant factors, including –

- (a) the time spent on such services;
- (b) the rates charged for such services;
- (c) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under this title;

- (d) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed; and
- (e) whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title.

11 U.S.C. § 330(a)(3).

16. The foregoing professional services were performed by Cornerstone Research in an efficient manner, were necessary and appropriate to the administration of the Chapter 11 Cases, and were in the best interests of the Debtors, their estates, and other parties in interest. Compensation for the foregoing services as requested is commensurate with the complexity, importance, and nature of the problems, issues, and tasks involved. As required by the U.S. Trustee guidelines, annexed hereto as **Exhibit G** is a chart setting forth the comparative blended rates of the professionals who rendered services with a corresponding comparison of rates for Cornerstone Research professionals not involved in these chapter 11 cases.

Notice

17. The Debtors will provide notice of this Application in accordance with the Interim Compensation Order. The Debtors submit that no other or further notice be given.

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WHEREFORE, Cornerstone Research, in connection with services rendered on behalf of the Debtors, respectfully requests allowance of reasonable compensation of such services rendered in the total amount of \$1,668,175.80 for the Fee Period.

Dated: March 12, 2021
Boston, Massachusetts

CORNERSTONE RESEARCH

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